

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF THE CHRISTIAN COUNTY)
WATER DISTRICT, OF CHRISTIAN COUNTY,)
KENTUCKY, FOR (1) A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY,)
AUTHORIZING AND PERMITTING SAID WATER-)
WORKS CONSTRUCTION PROJECT, CONSISTING)
OF EXTENSIONS, ADDITIONS, AND IMPROVE-)
MENTS TO THE EXISTING WATERWORKS SYSTEM)
OF THE DISTRICT; (2) APPROVAL OF THE)
PROPOSED PLAN OF FINANCING OF SAID)
PROJECT; AND (3) APPROVAL OF THE IN-)
CREASED WATER RATES PROPOSED TO BE)
CHARGED BY THE DISTRICT TO CUSTOMERS)
OF THE DISTRICT)

CASE NO. 8664

INTERIM ORDER

The Christian County Water District ("Christian County") filed an application on September 27, 1982, for approval of adjustments to its water service rates, authorization to construct a \$1,257,200 waterworks improvements project and approval of its financing for this project. Christian County's financing includes \$51,200 from applicants for service in the project area, \$796,000 from Farmers Home Administration ("FmHA") grants, and \$410,000 from FmHA loans at 11 3/8 percent annual interest. Christian County will issue waterworks revenue bonds as security for this loan. The repayment period will be 40 years. The proposed improvements should extend service to approximately 237 customers.

Plans and specifications for the proposed improvements as prepared by Community Program Consultants, Inc., of Paducah, Kentucky, and J. T. Blankinship & Associates at Murphysboro, Illinois, ("Engineers") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

A hearing on Christian County's proposed construction, financing and rates was held in Frankfort, Kentucky, on April 5, 1983. There were no intervenors and no protests were entered. This Interim Order will address the construction and financing portion of the application. A subsequent Order will address Christian County's rate adjustment proposals.

The Public Service Commission, after consideration of the application and evidence of record and being advised, is of the opinion and finds that:

1. The water service needs on Highway 107 between the tap for Line D at Dogwood and the Pressure Control Station near Fearsville require a 6-inch line to provide adequate flow and pressure instead of a 4-inch line as proposed. Changing this approximate 10,100 feet of line from 4-inch to 6-inch would increase the cost of construction by about \$9,292.

2. With the substitution of a 6-inch line in accordance with finding number 1 herein, public convenience and necessity require that the construction proposed in the application and record be performed and that a certificate of public convenience and necessity be granted.

3. The approved construction includes about 28.8 miles of water mains, a pump station and a 75,000-gallon water storage tank and miscellaneous appurtenances thereto. The low bids received for the proposed work totaled \$700,260 which will require about \$1,257,200 after allowances are made for fees, contingencies and other indirect costs.

4. Any deviations from the approved construction which could adversely affect service to any customer should be subject to prior approval of this Commission.

5. The proposed borrowing of \$410,000 is for lawful objects within the corporate purposes of Christian County, is necessary and appropriate for and consistent with the proper performance of services to the public by Christian County, will not impair its ability to perform these services and is reasonably necessary and appropriate for such purposes.

6. The financing secured by Christian County for this project will be needed to pay for the work herein approved and recommended. Christian County's financing plan should, therefore, be approved.

7. Christian County should furnish duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed.

8. Christian County's contract with its Engineers should require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky

registration in civil or mechanical engineering. This supervision and inspection should insure that the construction work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

9. Christian County should require the Engineers to furnish a copy of the record plans and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

10. A 5/8" x 3/4" meter should be the standard customer service meter and should be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter. Further, any customer with a larger meter, with the exception of special contract customers, should pay for the service in accordance with Christian County's approved meter size rate schedule.

11. Christian County should file with the Commission a copy of all contractual agreements for the provision of services or the purchase of services which are subject to the approval of this Commission.

IT IS THEREFORE ORDERED that Christian County be and it hereby is granted a certificate of public convenience and necessity to proceed with the waterworks improvements project set forth in the plans and specifications of record herein on the condition that the line size change be made in accordance with finding number 1 herein.

IT IS FURTHER ORDERED that any deviations from the approved construction that could adversely affect service to any customer shall be subject to the prior approval of this Commission.

IT IS FURTHER ORDERED that Christian County's plan for financing its construction work in the amount of \$1,257,200, including a 40-year loan of \$410,000 at 11 3/8 percent interest from the FmHA, be and it hereby is approved.

IT IS FURTHER ORDERED that Christian County shall file with the Commission duly verified documentation which shows the total costs of construction herein certificated including all capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed.

IT IS FURTHER ORDERED that the contract between Christian County and its Engineers shall require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection shall insure that the construction work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

IT IS FURTHER ORDERED that Christian County shall require the Engineers to furnish to the Commission a copy of the record drawings and a signed statement that the construction has been satisfactorily completed and done in accordance with the contract plans and specifications within 60 days of the date of substantial completion of the proposed construction.

IT IS FURTHER ORDERED that a 5/8" x 3/4" meter shall be the standard customer service meter and shall be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter. Further, any customer with a larger meter, with the exception of special contract customers, shall pay for that service in accordance with Christian County's approved meter size rate schedules.

IT IS FURTHER ORDERED that Christian County shall file with the Commission a copy of all contractual agreements for the provision of services or for the purchase of services which are subject to the approval of this Commission.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 28th day of April, 1983.

Public Service Commission


Chairman


Vice Chairman


Commissioner

ATTEST: